

Message Text

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67

ACTION ARA-20

INFO OCT-01 AF-10 EUR-25 EA-11 NEA-10 ISO-00 IO-14 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 EB-11

COME-00 SCEM-02 SCI-06 INT-08 DRC-01 /215 W

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R 042043Z DEC 73

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1982
INFO AMEMBASSY BEIRUT
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LIMA
AMEMBASSY PORT OF SPAIN
AMEMBASSY LONDON
AMEMBASSY QUITO
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TRIPOLI
AMEMBASSY VIENNA
AMCONSUL DHAHRAN
USMISSION OECD PARIS
AMEMBASSY OTTAWA

C O N F I D E N T I A L CARACAS 10354

EO 11652: GDS

TAGS: ENRG VE OPEC

SUBJECT: ARABS REPORTEDLY PRESSING FOR OPEC PRODUCTION
LIMITATION SCHEME

1. ACCORDING TO HIGH OFFICIAL IN VENEZUELAN MINISTRY

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OF MINES AND HYDROCARBONS, VENEZUELA IS COMING UNDER

INCREASING PRESSURE FROM ARAB STATES CONCERNING ITS LEVEL OF OIL PRODUCTION. ARAB STATES AGREE THAT VENEZUELA HAS NOT EXPANDED PRODUCTION BUT BELIEVE THAT SUCH IS CASE ONLY BECAUSE PRODUCTION IS ALREADY AT CAPACITY.

2. ACCORDING TO SOURCE, ARAB STATES WILL PRESS FOR ADOPTION OF PERMANENT PROGRAM OF PRODUCTION LIMITATION AT NEXT OPEC MEETING DECEMBER 13. THIS MOVE WOULD NOT BE RELATED TO ARAB BOYCOTT (WHICH NEVER DISCUSSED AT OPEC MEETINGS) BUT RATHER WOULD BE DESIGNED TO CREATE PERMANENT MECHANISM THROUGH WHICH OPEC MEMBERS COULD KEEP PRICES AT HIGH LEVEL FOLLOWING END OF BOYCOTT. SOURCE BELIEVES THAT PROPOSED PRODUCTION LIMITATION PROGRAM IS SUPPORTED BY ALL ARAB OPEC MEMBERS (EXCEPT ABU DHABI AND DUBAI) AND THAT IT WILL ALSO BE SUPPORTED BY IRAN AND NIGERIA (LATTER, OWING TO BELIEF THAT ITS RESERVES BEING DEPLETED TOO RAPIDLY).

3. IT IS NOT YET KNOWN WHAT POSITION VENEZUELA WOULD TAKE ON THIS MATTER. VENEZUELA HAS LONG BEEN PROPONENT IN OPEC OF A PRODUCTION LIMITATION PROGRAM, BUT SUCH A PROGRAM WAS SEEN AS MEANS OF RAISING PRICES FROM EARLIER DEPRESSED LEVELS. NOW THAT PRICES ARE HIGH, VENEZUELA MAY PREFER AVOID SCHEME THAT COULD FORCE IT TO REDUCE PRODUCTION WITHOUT REGARD TO ITS OWN FUTURE REVENUE NEEDS.
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Message Attributes

Automatic Decaptioning: X
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Draft Date: 04 DEC 1973
Decaption Date: 01 JAN 1960
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EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: ENRG, VE, OPEC
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Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005